

The Political Economy of Natural Resources: Exploitation and Sustainability

Loso Judijanto¹, Reza Ronaldo²

¹ Iposs Jakarta, Indonesia

² Sekolah Tinggi Ekonomi dan Bisnis Islam (STEBI), Indonesia

Email: losojudijantobumn@gmail.com

Entered : November 12, 2024
Accepted: December 03, 2024

Revised : November 24, 2024
Published : December 31, 2024

ABSTRACT

This article discusses the dynamics of the political economy of natural resources in relation to exploitation and sustainability. Natural resources, such as oil, gas, minerals and forests, play a strategic role in economic development, but their management is often hampered by power imbalances, neoliberal policies and globalization pressures. Through a descriptive qualitative approach, this study analyzes how policies, economic structures, and political dynamics influence patterns of natural resource exploitation and their impact on social, economic, and environmental sustainability. The article highlights the importance of sustainable development as a solution, emphasizing the integration of environmental sustainability, social inclusiveness and equitable economic growth. It offers strategic recommendations to address the challenges of exploitation and inequality in natural resource management, and create more inclusive and future-oriented governance.

Keywords: Natural resource exploitation, sustainable development, political economy, power inequality, neoliberal policies.

INTRODUCTION

Natural resources are essential components that support human life and drive economic development in various countries. The existence of natural resources, such as oil, gas, minerals, and forests, has a strategic role as the foundation of the economy and the support of community welfare. However, the utilization of natural resources often faces major challenges, especially in terms of uncontrolled exploitation, which risks causing environmental damage and social crises. This has become a global concern, especially in the context of efforts to achieve sustainable development as mandated by the Sustainable Development Goals (SDGs) launched by the United Nations (UN).

From a political economy perspective, natural resource management involves not only technical or scientific aspects, but also interrelated social, political and economic aspects. Power structures, public policies and global market dynamics often influence how natural resources are managed and utilized. For example, resource-rich developing countries are often trapped in the so-called "resource curse", where natural resource wealth triggers economic inequality, corruption, and social conflict Ardian, H. Y. (2019).

Unsustainable exploitation of natural resources also has a negative impact on ecosystems. Illegal logging of forests, destructive mining exploration and overuse of fossil energy are some examples of practices that threaten the environmental balance. These impacts are further exacerbated by climate change, which has the potential to harm communities, especially the most vulnerable groups. Therefore, natural resource management that takes into account the principle of sustainability is an urgent need.

This research aims to analyze the relationship between political economy, natural resource exploitation and environmental sustainability. Using a descriptive qualitative



approach, this study explores how political dynamics, policies and economic structures influence patterns of natural resource exploitation and their implications for sustainability. The study also seeks to identify more effective governance strategies in integrating sustainability as a fundamental principle in natural resource management. The results of this research are expected to contribute to understanding the complexity of the political economy of natural resources, as well as offer strategic recommendations for creating a fair and sustainable management model. This research is relevant to the literature proposed by Astriani et al. (2020) regarding the governance of common pool resources and community-based sustainability approaches. In addition, the findings in this study are also in line with global efforts to strengthen more inclusive environmental governance, as stated in Handajani, L.'s (2019) report on sustainable development. Sustainable development, as explained by Rahadian, A. H. (2016), aims to improve the welfare of society through the fulfillment of human needs and aspirations. This concept emphasizes the importance of equitable distribution of development benefits between current and future generations. According to the Ministry of Environment (1990), the sustainability of development that focuses on economic aspects can be measured by three main criteria: first, there is no waste in the utilization of *natural resources* or depletion of *natural resources*; second, it does not cause pollution or other negative environmental impacts; and third, development must be able to increase *useable* resources or replace *replaceable* resources.

Humaida et al. (2020) added that sustainable development aims to achieve equitable development benefits between generations by utilizing natural resources wisely without exceeding ecosystem limits and prioritizing renewable resources. In addition, this concept also focuses on securing environmental sustainability to prevent ecosystem damage that can threaten the quality of life of future generations. The utilization of natural resources is directed to support equitable and sustainable economic growth between generations. This development also aims to ensure the welfare of people both in the present and the future, maintain the long-term benefits of resource management, and maintain the quality of human life in accordance with the environment. Thus, sustainable development is not only oriented towards economic growth, but also towards environmental sustainability and intergenerational justice.

According to Heal (in Fauzi, 2004), the concept of sustainability includes two main dimensions. First, the time dimension, because sustainability is closely related to what will happen in the future. Second, the dimension of interaction between the economic system and the natural resource system and the environment. Meanwhile, Pezzey (1992) suggests that sustainability can be seen from two perspectives: static and dynamic. In a static context, sustainability is defined as the utilization of renewable natural resources with a fixed level of technology. In contrast, from a dynamic perspective, sustainability includes the use of non-renewable natural resources with an evolving level of technology. As sustainability is multidimensional and has various interpretations, experts agreed to adopt the definition formulated by the Brundtland Commission. The commission defines sustainable development as development that is able to meet the needs of the current generation without compromising the ability of future generations to meet their own needs.

In the Brundtland concept, there are two important points that are implicitly concerned. First, the importance of considering the limitations of natural resources and the environment in development and consumption patterns. Second, attention to the welfare of future generations. Jazuli, A. (2015) emphasizes that sustainability rests on three basic principles. First, giving positive value to the balance between the present and the future in the long term. Second, understanding that environmental assets play an important role

in improving economic welfare. Third, recognizing the constraints and impacts that arise on environmental assets due to human activities.

METHODS

This research uses a **qualitative** approach with a **literature review** method to examine the impact of natural resource exploitation on sustainable development. The qualitative approach was chosen because it allows researchers to deeply understand complex and multidimensional phenomena related to natural resource management, as well as how existing development policies interact with economic, social and environmental dimensions. Literature study is an appropriate method because this research aims to analyze existing theories, explore previous research findings, and synthesize various views from relevant sources, including academic journals, books, policy reports, and articles that discuss sustainability in natural resource management. The data collection process was conducted by searching and identifying various literatures related to the research topic, such as studies on sustainable development, natural resource management, and case studies of countries that have faced challenges in achieving sustainability. The data collected included research results from various sources, including scientific articles, books, reports from international institutions, and publications from relevant environmental organizations. The literature selection process was conducted by considering the relevance, credibility of the sources, and reliability of the data.

The analysis was conducted by organizing and categorizing the information obtained into the main themes that emerged, such as the impact of natural resource exploitation on the environment, sustainable management policies, and socio-economic challenges faced by developing countries. In this analysis, the researcher will also synthesize the findings to see the relationship between concepts and explore how natural resource management policies can support sustainable development. To increase the validity and credibility of the research, **data triangulation** was conducted by comparing findings from different sources and referring to various viewpoints from experts competent in the fields of environment, economics and public policy. Thus, the results of this study are expected to provide a comprehensive picture of how natural resource exploitation affects development sustainability, as well as identify the challenges and opportunities that exist in designing more inclusive and sustainable natural resource policies.

Table 1. Inclusion Criteria for Literature Review

Category	Inclusion Criteria
Publication Type	Scientific articles published in Google Scholar, JSTOR, ScienceDirect, and other leading academic databases.
Journal Specifications	Top international journals and national journals related to natural resource management, sustainable development, and environmental policy in the last 6 years.

Category		Inclusion Criteria
Journal Index		Google Scholar, SINTA 1-6, Scopus Q1-NonQ, GARUDA, Crossref, and ICI
Year of Publication	of	2018-2024
Research Country		Developing countries and international organizations with a focus on implementing sustainable development policies and natural resource management.
Variables		The impact of natural resource management on sustainability, social welfare, social inequality and environmental protection in developing countries.
Field of Science		Economics, Public Policy, Social Welfare, Development Studies, Environmental Science, and Social Science.
Type of Research	of	Theoretical, Empirical, and Case Studies
Keywords.		Sustainable Development, Natural Resource Management, Social Welfare, Social Inequality, Natural Resource Exploitation, Environmental Policy, Economic Development.
Subject		Research involving government policy, the impact of natural resource exploitation on society, and social inequality and its impact on environmental sustainability.

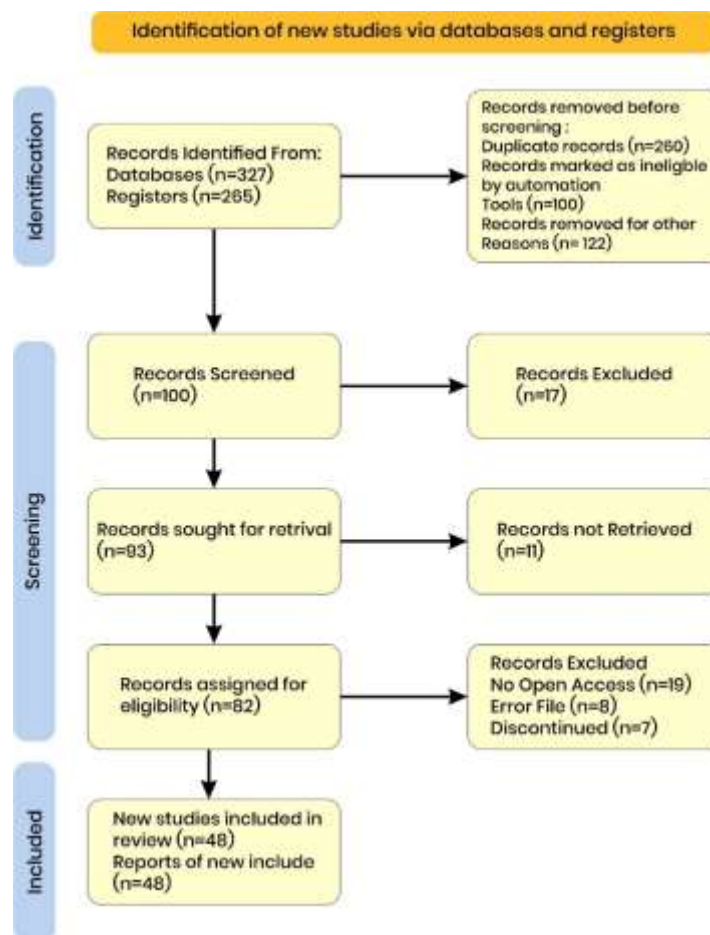


Image 1 PRISMA Flow Diagram

RESULTS AND DISCUSSION

This research uses the Systematic Literature Review (SLR) method to analyze the relationship between natural resource exploitation and sustainability from a political economy perspective. By collecting and analyzing various academic literature, books, policy reports, and case studies from reliable sources, this research focuses on how natural resource exploitation affects economic, social, and environmental balance, as well as the sustainability strategies that can be implemented.

Research Results

Impact of Natural Resources Exploitation on Socio-Economic Inequality

Exploitation of natural resources often exacerbates socio-economic inequality, especially in developing countries. The literature reviewed shows that resource-rich countries tend to be trapped in the so-called "resource curse", where dependence on resource exports leads to economic stagnation and weakened social development.

A study by Soe'oad, D. V. (2024) reveals that the control of resources by multinational companies or domestic elites creates inequality in access to economic benefits. In some cases, local communities living around mining or forest areas lose their land rights without being adequately compensated. This exacerbates structural poverty and widens social disparities.

The Role of Neoliberal Policies in the Exploitation of Natural Resources

The literature analyzed shows that neoliberal policies, such as privatization, deregulation, and market liberalization, have a significant impact on natural resource

management. Akbar et al. (2023) explain that neoliberal approaches tend to prioritize short-term economic gains over environmental protection and community welfare. For example, in countries like Brazil and Indonesia, economic liberalization has led to massive land clearing for commercial agriculture and extractive industries. The result is deforestation, habitat destruction and loss of biodiversity, which in turn damages local ecosystems.

Sustainability Strategies in Natural Resource Management

The concept of sustainable development introduced by Ibrahim, A. (2023) is an important framework in the literature reviewed. This concept emphasizes meeting the needs of the current generation without compromising the capabilities of future generations. Research shows that sustainability approaches that involve the participation of local communities, such as community-based resource management Marthalina, M. (2021), can improve the effectiveness of resource management while reducing environmental impacts.

In addition, Romli, M. (2024) highlighted the importance of integrating the three pillars of economic, social and environmental sustainability in natural resource management policies. This strategy not only maintains ecosystem balance but also ensures a more equitable distribution of benefits.

Globalization and Challenges in Natural Resource Management

Globalization brings additional pressure on natural resources, especially in developing countries. Sahban, M. A., & Se, M. M. (2018) stated that globalization often causes these countries to lose control over their resources due to the influence of foreign investors and global competition. As a result, resource exploitation is not only oriented towards domestic interests but also to meet the needs of the international market.

Gender Aspects of Natural Resource Exploitation

Some literature highlights how natural resource exploitation has an unequal impact on community groups. Women, particularly in rural communities, are often the most affected. They depend on natural resources for household needs, such as water, firewood and other forest products. Environmental damage due to exploitation directly affects their lives. Therefore, a gender perspective in natural resource management is essential to achieve inclusive sustainability.

DISCUSSION

The results of this study show that the exploitation of natural resources has far-reaching economic, social and environmental consequences. This phenomenon cannot be separated from the dynamics of the global political economy that reflects the imbalance of power between developed and developing countries, as well as between economic elites and local communities.

Exploitation and Power Inequality

Exploitation and power inequality are two interrelated phenomena in various aspects of life, especially in social, economic and political contexts. Exploitation occurs when the resources or labor of a person or group are used for the unfair benefit of another, often without equal remuneration. Power inequality, on the other hand, reflects the unequal distribution of authority, which allows dominant groups to maintain control over subordinate groups. This inequality creates a situation where it is difficult for weaker parties to resist or change their position within the existing hierarchical structure. In the economic system, exploitation is often seen through labor practices, where workers are not rewarded for their contributions. This is perpetuated by the mechanisms of capitalism that often place profit as the top priority, thus reinforcing the dominance of capital owners over laborers. Power inequality is also manifested in various social

relations, such as between the state and its citizens or in gender dynamics, where access to certain resources, decisions and rights are held more by certain groups than others. This combination of exploitation and power inequality not only perpetuates injustice, but also deepens social inequalities that are difficult to overcome.

Neoliberal Policies and the Sustainability Paradox

Neoliberal policies and the sustainability paradox are two concepts that often conflict in practice. Neoliberalism, which focuses on market liberalization, privatization, deregulation, and a reduced role for the state, is often considered a driver of economic growth. However, this approach often ignores social and environmental impacts, creating a paradox when faced with sustainability issues. On the one hand, neoliberal policies encourage massive exploitation of natural resources to meet the needs of the global market, which in turn accelerates environmental degradation. On the other hand, sustainability demands wise and sustainable resource management, emphasizing intergenerational justice and ecosystem preservation.

This paradox arises because neoliberalism prioritizes short-term growth and economic efficiency, whereas sustainability requires a holistic approach involving environmental protection, social welfare and moral responsibility. For example, massive investments in the fossil energy sector are often supported by neoliberal policies, despite their damaging effects on the environment and exacerbating the climate crisis. Meanwhile, efforts towards sustainability such as the transition to renewable energy are often considered less profitable in the short term, and thus do not receive priority in the neoliberal system. As a result, while sustainability is on the global agenda, its implementation is hampered by neoliberal market logic that prioritizes profit over long-term sustainability. This suggests that without a paradigm shift, neoliberal policies will continue to be a major obstacle to achieving sustainability goals.

Sustainable Development as a Solution

Sustainable development is often regarded as a solution to global challenges such as environmental degradation, social inequality and uneven economic growth. The concept rests on three main pillars, namely environmental sustainability, economic sustainability and social sustainability, which are interrelated and must be met simultaneously. This approach emphasizes wise resource management, ensuring that the needs of the current generation can be met without compromising the ability of future generations to meet their needs. As such, sustainable development seeks to create a balance between economic growth, environmental conservation, and community well-being.

As a solution, sustainable development offers a framework that can integrate different sectors to achieve long-term goals. In the environmental field, for example, focus is placed on reducing carbon emissions, better waste management and preserving biodiversity. In the social aspect, sustainable development emphasizes the importance of inclusiveness, reducing inequality, and empowering vulnerable communities. Meanwhile, in the economic dimension, it encourages technological innovation, investment in renewable energy, and green job creation as ways to ensure sustainable growth. By adopting this approach, it is hoped that a balance can be achieved between human needs and ecosystem limits, so that the world can move towards a more just, prosperous and environmentally friendly future. However, successful implementation of sustainable development requires strong commitment from various parties, including governments, the private sector, and the global community.

Globalization and International Roles

Globalization has created closer interconnections between countries in different parts of the world, whether in economic, political, cultural or technological aspects. This process accelerates the exchange of goods, services, information and ideas, while expanding the

influence of international actors, such as multilateral organizations, multinational corporations and non-governmental organizations. In this context, the international role has become increasingly important in managing the positive and negative impacts of globalization.

Economically, globalization promotes free trade and market integration, allowing countries to capitalize on their comparative advantages. However, interdependence between countries also creates new challenges, such as economic inequality, labor exploitation, and rapidly spreading global crises. In this regard, an international role is crucial to create fair regulations and ensure that the benefits of globalization are shared equally. Organizations such as the United Nations (UN), World Trade Organization (WTO), and International Monetary Fund (IMF) play a strategic role in shaping global policies.

On the other hand, globalization also affects the social and cultural dimensions. While cultural integration increases mutual understanding and tolerance, there is also a risk of cultural homogenization that threatens local identities. In this context, the international role can serve as a bridge to foster cross-cultural dialogue and preserve cultural diversity. In addition, globalization also brings environmental challenges, such as climate change, which require international cooperation through agreements such as the Paris Agreement. Thus, the international role in the era of globalization is crucial to managing relations between countries, addressing cross-border challenges, and creating a more inclusive, just, and sustainable world.

CONCLUSIONS

Sustainable natural resource management is an urgent need in the face of complex challenges of exploitation and power imbalances. This research shows that neoliberal policies often trigger massive exploitation of natural resources, contributing to environmental degradation, social inequality and economic dependency. This phenomenon is exacerbated by globalization dynamics that widen the gap between developed and developing countries, as well as between economic elites and local communities. Addressing these challenges requires a sustainable development approach that integrates three main pillars: environmental sustainability, social inclusiveness, and equitable economic growth. Local community participation, strengthening environmental regulations, and transitioning to renewable energy are strategic steps in creating a more equitable and future-oriented natural resource governance. With a strong commitment from various parties, natural resource management can support the creation of sustainable welfare for current and future generations.

REFERENCE

- Akbar, R. A., Fauzan, M., Arsyad, A. A. H. J., & Barki, K. (2023). Implementasi Pendekatan Community Empowerment untuk Meningkatkan Kualitas Hidup Masyarakat Melalui Pembangunan Ekonomi Berbasis Potensi Daerah. *Journal of Scientech Research and Development*, 5(1), 65-76.
- Ardian, H. Y. (2019). Kajian teori komunikasi lingkungan dalam penelitian pengelolaan sumber daya alam. *Jurnal PERSPEKTIF Komunikasi Program Studi Ilmu Komunikasi Dan Magister Ilmu Komunikasi Fakultas Ilmu Sosial Dan Ilmu Politik Universitas Muhammadiyah Jakarta*.
- Astriani, N., Nurlinda, I., Imami, A. A. D., & Asdak, C. (2020). Pengelolaan Sumber Daya Air Berdasarkan Kearifan Tradisional: Perspektif Hukum Lingkungan. *Arena Hukum*, 13(2), 197-217.

- Handajani, L. (2019). Corporate governance dan green banking disclosure: Studi pada bank di Indonesia. *Jurnal Dinamika Akuntansi Dan Bisnis*, 6(2), 121-136.
- Humaida, N., Sa'adah, M. A., Huriyah, H., & Nida, N. H. (2020). Pembangunan berkelanjutan berwawasan lingkungan (sustainable development goals) dalam perspektif islam. *Khazanah: Jurnal Studi Islam Dan Humaniora*, 18(1), 131-154.
- Ibrahim, A. (2023). *Peran Strategis Indonesia dalam Mendorong Pengembangan Energi Terbarukan di ASEAN melalui ASEAN Plan of Action for Energy Cooperation (APAEC)* (Doctoral dissertation, Universitas Komputer Indonesia).
- Jazuli, A. (2015). Dinamika hukum lingkungan hidup dan sumber daya alam dalam rangka pembangunan berkelanjutan. *Jurnal Rechts Vinding: Media Pembinaan Hukum Nasional*, 4(2), 181-197.
- Rahadian, A. H. (2016, February). Strategi pembangunan berkelanjutan. In *Prosiding Seminar STIAMI* (Vol. 3, No. 1, pp. 46-56).
- Romli, M. (2024). INTEGRASI PRINSIP-PRINSIP EKONOMI SYARIAH DALAM PENGEMBANGAN EKONOMI HIJAU (GREEN ECONOMY) DI INDONESIA. *Ekomadania: Journal of Islamic Economic and Social*, 8(1), 1-14.
- Sahban, M. A., & Se, M. M. (2018). *Kolaborasi Pembangunan Ekonomi di Negara Berkembang* (Vol. 1). Sah Media.
- Soe'oed, D. V. (2024). ANALISIS KEBIJAKAN EKSTRAKTIVISME SUMBER DAYA ALAM: STUDI KASUS FREEPORT DAN KETIMPANGAN EKONOMI DI PAPUA. *PRAJA: Jurnal Ilmiah Pemerintahan*, 12(3), 263-276.